



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4511 • TDD: 626.943.3898 • [www.lacdc.org](http://www.lacdc.org)

**Gloria Molina  
Mark Ridley-Thomas  
Zev Yaroslavsky  
Don Knabe  
Michael D. Antonovich**  
Commissioners

December 18, 2012

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**CHANGES FOR NEW COMMISSION EMPLOYEES AS A RESULT OF THE CALIFORNIA PUBLIC  
EMPLOYEES' PENSION REFORM ACT  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

In order to comply with the California Public Employees' Pension Reform Act (PEPRA), this letter recommends that your Board approve the necessary changes for new Commission employees, hired after January 1, 2013, and classified as "new members" under PEPRA, as defined herein.

**IT IS RECOMMENDED THAT THE BOARD:**

Instruct the Executive Director to make the payroll system changes necessary to comply with PEPRA, and to take any actions required by the California Public Employees' Retirement System (CalPERS) to implement these changes effective January 1, 2013.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On September 12, 2012, Governor Brown signed PEPRA into law. PEPRA revises existing retirement contribution and benefits formulas and increases the cost-sharing obligation for any "new member" of a California public retirement system on and after January 1, 2013.

A "new member" is defined as someone who has never been a member of CalPERS or a reciprocal system prior to January 1, 2013, or has not been a member of CalPERS or any reciprocal system for more than six months. CalPERS has established reciprocity with most major public retirement systems in California, including the Los Angeles County Employees Retirement Association.

**ADOPTED**

Community Development Commission

1-D December 11, 2012

**SACHI A. HAMAI**  
EXECUTIVE OFFICER

Under PEPRA, new members will participate in a "2% at 62" formula, with maximum pensionable compensation at 120% of the Social Security Wage Base, and benefits based on the average of the three highest years of salary. PEPRA also mandates that new members share 50% the normal cost of the defined benefit plan, so the Commission will not pay any portion of the employee contribution for new members.

Most provisions for current members remain unchanged. Current Commission employees will continue to participate in the CalPERS "2% at 60" formula.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County General Fund. The fundamental change that new members share 50% of the normal cost of the defined benefit plan will eventually reduce the amount the Commission must contribute toward the normal cost portion of retirement expenses. However, since this new cost sharing ratio only applies to new employees, any material savings to the Commission will likely be achieved over a long-term period.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Commission has informed the Laborers' International Union of North America (LIUNA) Local 777, which represents some Commission employees, about the proposed PEPRA pension plan changes.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions will ensure that the Commission is in compliance with state law, and can continue to provide retirement benefits to all current and future employees.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "SEAN ROGAN", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:nt